

1 Q. Please provide the O&M budgets and actual expenditures in each year from 2004
2 through 2013 showing a breakdown of the expenditures by major category as
3 generally used by Hydro and a breakdown by generating unit.

4

5

6 A. Please see PUB-NLH-226 Attachments 1 and 2.

O&M Budgets and Actual Expenditures By Major Category

TABLE I

Category	Note	2004 Budget	2004 Actual	2005 Budget	2005 Actual	2006 Budget	2006 Actual	2007 Budget	2007 Actual	2008 Budget	2008 Actual	2009 Budget	2009 Actual	2010 Budget	2010 Actual	2011 Budget	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2013 Actual
Salaries and fringe benefits	2	58,040	56,122	57,763	54,988	54,197	54,156	58,456	58,911	61,009	58,521	64,377	60,422	66,220	63,061	70,791	67,823	70,901	71,856	76,129	76,246
System equipment maintenance	3	17,440	17,343	19,205	21,344	18,997	19,996	20,579	23,859	20,559	22,616	21,960	22,456	23,712	21,798	21,892	21,560	21,829	20,261	21,495	22,005
Office Supplies & Expenses		1,913	1,846	2,060	1,948	2,097	2,040	2,106	2,262	2,188	2,182	2,217	2,161	2,213	2,100	2,390	2,307	2,367	2,230	2,571	2,595
Professional Services	4	4,253	3,649	5,511	4,241	5,675	4,417	4,418	3,532	5,730	4,109	5,763	3,278	6,327	4,165	5,978	6,042	7,542	7,324	6,856	5,874
Insurance		2,019	1,682	1,736	1,675	1,654	1,731	1,881	1,703	2,152	1,783	1,921	1,937	2,194	1,960	2,277	1,965	2,163	2,109	2,211	2,422
Equipment Rentals		1,756	1,269	1,444	1,129	1,414	1,093	1,369	1,082	1,186	1,493	1,569	1,721	1,739	1,738	1,683	1,636	1,764	1,699	1,731	1,877
Travel		2,395	2,206	2,383	2,368	2,412	2,619	2,332	2,942	2,643	2,854	2,692	2,910	3,016	2,755	3,171	2,977	3,250	2,979	3,156	3,338
Miscellaneous Expenses	5	4,185	4,369	4,304	4,355	4,807	5,085	4,529	4,247	4,722	4,360	5,329	8,066	6,232	3,829	4,972	4,736	6,243	5,145	6,379	5,218
Building Rental & Maintenance		894	753	899	785	824	909	825	1,234	1,101	1,078	988	1,145	1,212	1,170	1,002	1,172	1,047	1,027	1,070	1,186
Transportation		2,044	1,681	1,777	1,610	1,991	1,599	1,994	1,989	1,951	2,186	2,047	1,833	2,308	1,796	2,014	1,836	2,303	1,928	2,273	2,107
Cost Recoveries	6	(1,858)	(2,192)	(1,851)	(1,452)	(2,155)	(1,302)	(2,199)	(1,389)	(1,730)	(1,815)	(4,214)	(3,685)	(5,997)	(4,748)	(5,297)	(5,198)	(8,204)	(7,874)	(9,221)	(9,111)
Iron Ore Company of Canada "IOCC"	1							(2,874)	(2,679)	(2,874)	(2,673)	(2,679)	(1,875)	(2,896)	(2,648)	(2,852)	(2,292)	(2,915)	(2,216)	(2,727)	(1,945)
Total	7	93,081	88,728	95,231	92,991	91,913	92,343	93,418	97,693	98,637	96,694	101,970	100,369	106,279	96,976	108,021	104,564	108,288	106,468	111,922	111,812

Major Category Descriptions

- 1) IOCC recoveries for the years 2004 to 2006 were recorded against revenue and for the years 2007 to 2013 these recoveries were recorded against O & M expenses as shown in Table I. These recoveries are for O&M costs incurred to service IOCC
- 2) Salaries and fringe benefits are primarily comprised of wages and benefits paid to permanent and temporary employees adjusted each year based on negotiated agreements.
- 3) System equipment maintenance captures operating costs mainly for Generation and Transmission related to materials, contract labor, tools & operating supplies, Lubes/chemicals/gases and freight.
- 4) Professional services include costs for consultants, Public Utilities board and software maintenance.
- 5) Miscellaneous expenses include primarily payroll and municipal taxes, employee training and conservation demand management costs
- 6) Cost recoveries represent mainly services rendered by Information Services, Human Resources, and other internal departments and recovered from Nalcor lines of business and outside parties.

Variance B2010 vs A2010

- 7) The favorable variance in fiscal 2010 of \$9.3M when budget is compared to actual is attributable to timing of a boiler overhaul, delay of a General Rate Application, increased labor to capital, a bad debt recovery and other favorable changes from budget

By Generating Unit

TABLE II

Description	Note	2004 Budget(6)	2004 Actual (6)	2005 Budget(6)	2005 Actual (6)	2006 Budget	2006 Actual	2007 Budget	2007 Actual	2008 Budget	2008 Actual	2009 Budget	2009 Actual	2010 Budget	2010 Actual	2011 Budget	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2013 Actual
Unit # 1	1	1,432	1,240	1,120	1,108	1,571	2,156	1,240	2,085	1,465	1,598	1,650	3,583	1,613	1,555	700	832	715	1,517	731	1,406
Unit # 2	1	1,222	1,142	2,470	4,288	1,240	948	1,240	1,484	1,465	2,158	1,381	1,170	1,685	477	2,275	2,708	2,225	1,668	2,274	836
Unit # 3	1	1,506	1,248	1,120	1,135	1,240	919	3,090	3,105	1,465	1,739	1,380	521	2,415	2,374	1,775	1,943	1,814	1,024	1,854	1,759
Annual Routine Maintenance	2		3,502		3,413	3,715	4,071	4,403	5,128	5,748	5,528	5,674	5,390	5,736	5,031	4,662	4,116	3,729	3,224	3,120	3,472
Tools/Supplies/Lubes, Chem&Gases						535	403	535	549	463	531	471	507	511	420	533	458	545	495	557	611
Thermal Generation		4,160	7,132	4,711	9,944	8,302	8,497	10,509	12,351	10,606	11,554	10,557	11,171	11,959	9,857	9,945	10,057	9,028	7,928	8,536	8,084
TRO	3					7,341	8,185	6,632	7,510	6,859	7,317	7,074	7,588	7,597	8,178	8,085	7,963	8,308	8,096	8,451	9,672
Hydro Generation	4					1,442	1,437	1,518	1,663	1,286	1,451	1,552	1,270	1,549	1,475	1,485	1,507	1,682	2,270	1,914	1,508
Total Generation and TRO		4,160	7,132	4,711	9,944	17,085	18,119	18,659	21,524	18,751	20,322	19,183	20,029	21,105	19,510	19,515	19,527	19,018	18,294	18,901	19,264
Total Support Departments	5					1,912	1,877	1,920	2,335	1,808	2,294	2,777	2,427	2,607	2,288	2,377	2,033	2,811	1,967	2,594	2,741
Total SEM costs as per Table I (000's)		\$ 17,440	\$ 17,343	\$ 19,205	\$ 21,344	\$ 18,997	\$ 19,996	\$ 20,579	\$ 23,859	\$ 20,559	\$ 22,616	\$ 21,960	\$ 22,456	\$ 23,712	\$ 21,798	\$ 21,892	\$ 21,560	\$ 21,829	\$ 20,261	\$ 21,495	\$ 22,005

System Equipment Maintenance (SEM) above captures operating costs for Generation,, TRO (Transmission and Rural Operations) and Support departments related to materials, contract labor, tools and supplies, Lubes/Chemicals/gases and freight.

Notes:

- 1) Costs represent specific preventive and corrective maintenance on each unit.
- 2) Annual routine maintenance includes corrective and preventive maintenance on common plant equipment and also amortization of extraordinary costs over certain years related to unit #2 boiler overhaul and asbestos abatement at Holyrood Thermal Plant
- 3) TRO SEM costs are primarily due to preventive and corrective maintenance related to materials and contract labor for transmission, Gas Turbine and diesel systems.
- 4) Hydro Generation has historically recorded SEM operating costs which includes preventive, corrective and water control structure, auxiliary equipment, road work by location (example Units 1 thru 7 at Bay d'Espoir and Units 1 & 2 at Cat Arm). In total there are 15 generation unit across the Hydro Generation system.
- 5) Support departments incur costs mainly attributable to building repairs, maintenance and freight.
- 6) The break down on certain 2004 and 2005 Budget and Actual costs are unavailable at this time